

SHB 2577 - H AMD 1135

By Representative Sullivan

1 Strike everything after the enacting clause and insert the
2 following:

3 **"PART I**
4 **GENERAL PROVISIONS**

5 NEW SECTION. **Sec. 101.** The legislature finds that:

6 (1) The state is projected to experience substantial population
7 growth in the next two decades and this growth will require substantial
8 new housing, places of employment, community facilities, and supporting
9 local, subregional, and regional infrastructure;

10 (2) In most areas of the state projected to accommodate substantial
11 growth, there are inadequate community facilities and infrastructure to
12 facilitate and support such growth. In addition, current public
13 financing options and resources are not adequate to provide the needed
14 community facilities and local, subregional, and regional
15 infrastructure;

16 (3) A more flexible type of financing mechanism known as a
17 community facilities district should be available to counties, cities,
18 and towns so that needed community facilities and local, subregional,
19 and regional infrastructure can be provided;

20 (4) This chapter is intended to facilitate voluntary landowner
21 financing of community facilities and local, subregional, and regional
22 infrastructure by authorizing the creation of community facilities
23 districts, while creating jobs and facilitating economic development;
24 and

25 (5) It is in the interest of the people of the state of Washington
26 to authorize the establishment of community facility districts as
27 independently governed, special purpose districts, vested with the
28 corporate authority included under Article VII, section 9 of the state

1 Constitution to make local improvements in accordance with this chapter
2 and to carry out the purposes specifically authorized under this
3 chapter.

4 NEW SECTION. **Sec. 102.** The definitions in this section apply
5 throughout this chapter unless the context clearly requires otherwise.

6 (1) "Board of supervisors" or "board" means the governing body of
7 a community facilities district.

8 (2) "Community facilities district" or "district" means a district
9 created under this chapter.

10 (3) "Facility" or "facilities" means the local improvements
11 included under section 501 of this act.

12 (4) "Legislative authority" means the governing body of a county,
13 city, or town to which a petition or amended petition is submitted.

14 (a) If the proposed district is located entirely within
15 unincorporated land, then the county is the exclusive "legislative
16 authority" for purposes of approving formation of the district under
17 sections 201 through 206 of this act, inclusive, and section 301 of
18 this act.

19 (b) If all or a portion of the proposed district is located within
20 unincorporated land that is entirely surrounded by an incorporated city
21 or town, then the "legislative authority" for purposes of approving
22 formation of the district under sections 201 through 206 of this act,
23 inclusive, and section 301 of this act includes the governing bodies of
24 the county and the city or town surrounding the unincorporated land.

25 (c) If the proposed district is located entirely within
26 incorporated land, then the city or town is the exclusive "legislative
27 authority" for purposes of this chapter, and all powers and
28 responsibilities of a county under this chapter must be exercised by
29 that city or town.

30 (5) "Petition" means a request, meeting the requirements of section
31 201 of this act, made by landowners to form a community facilities
32 district and to voluntarily submit their land to the assessments
33 authorized under this chapter and includes an amended petition meeting
34 the requirements of section 201(3) of this act.

35 (6) "Special assessment" means an assessment imposed in accordance
36 with the requirements of this chapter.

PART II

COMMUNITY FACILITIES DISTRICT FORMATION

NEW SECTION. **Sec. 201.** Community facilities districts are authorized to be formed for the purposes authorized under this chapter. Community facilities districts may only include land within urban growth areas designated under the state growth management act, located in portions of one or more cities, towns, or counties when created in accordance with this chapter. A district may include one or more noncontiguous tracts, lots, parcels, or other properties meeting the requirements of this chapter.

(1) To form a community facilities district, a petition must be presented to the applicable legislative authorities. The petition must:

(a) Designate and describe the boundaries of the district by metes and bounds or reference to United States townships, ranges, and legal subdivisions;

(b) Be executed by one hundred percent of all owners of private property located within the boundaries of the proposed district. The property owners must include a request to subject their property to the assessments, up to the amount included in the petition and authorized under this chapter;

(c) Include a certification by the petitioners that they want to voluntarily submit their property to the authority of the district under this chapter to approve the petitioner's request to submit their property to the assessments, up to the amount included in the petition and authorized under this chapter;

(d) Include a general explanation of the objective and plan of the district and describe the specific facilities that the district anticipates financing;

(e) Declare the district will be conducive to public health, safety, and welfare;

(f) Assert that the purpose for forming the district will be a benefit to the land located in the district;

(g) Be accompanied by an "obligation" signed by at least two petitioners who agree to pay the costs of the formation process;

(h) Include a list of petitioners or representatives thereof who are willing and able to serve on the board of supervisors. All

1 petitioners within a proposed district who are natural persons, or
2 natural persons who are designated representatives of petitioners, are
3 eligible to include their name on the list of eligible supervisors.
4 The petitioners may nominate qualified professions to serve on the
5 board of supervisors in lieu of the petitioners or representatives of
6 the petitioners;

7 (i) If it proposes a special assessment, include: (i) A diagram
8 showing each separate lot, tract, parcel of land, or other property in
9 the district; (ii) the acreage of the property; (iii) the name and
10 address of the owner or reputed owner of each lot, tract, parcel of
11 land, or other property as shown on the tax rolls of the county
12 assessor; (iv) a preliminary assessment roll showing the special
13 assessment proposed to be imposed on each lot, tract, parcel of land,
14 or other property; and (v) a proposed method or combination of methods
15 for computing special assessments, determining the benefit to assessed
16 property or use from facilities or improvements funded directly or
17 indirectly by special assessments under this chapter; and

18 (j) Include an explanation of what security will be provided to
19 ensure the timely payment of assessments and the timely payment of
20 bonds issued by the district.

21 (2) The petition must be filed with the auditor of each county in
22 which property included within the proposed district is located. The
23 auditor for the county in which the largest geographic portion of the
24 proposed district is located must be the lead auditor for the purposes
25 of this section. Within thirty days of the lead auditor's receipt of
26 the petition, the lead auditor must confirm that the petition has been
27 validly executed by one hundred percent of all owners of the property
28 located within the proposed district, including confirmation by the
29 auditors of all other counties with whom the petition was filed.
30 Within ten days of the lead auditor's finding that the petition either
31 does or does not contain the required signatures, the lead auditor must
32 either (a) transmit the petition, together with a certificate of
33 sufficiency attached thereto, to each legislative authority petitioned
34 for formation of the district; or (b) return the petition to the
35 petitioners with a list of property owners who must sign the petition
36 in order to comply with this section. There are no restrictions on the
37 number of petitions that may be submitted by one or more property
38 owners.

1 (3) A petition may be amended for any reason if the amendment is
2 signed by one hundred percent of the owners of property located within
3 the district proposed in the amended petition.

4 NEW SECTION. **Sec. 202.** A public hearing on the petition for
5 formation of a district must be held by each applicable legislative
6 authority, not less than thirty, but not more than sixty days, from the
7 date that the lead county auditor issues the certificate of sufficiency
8 required under section 201 of this act.

9 NEW SECTION. **Sec. 203.** Notice of all public hearings must include
10 a description of the proposal, be mailed to all petitioners, and must
11 be published once a week for three consecutive weeks in the official
12 paper for each applicable legislative authority, prior to the date set
13 for the hearing. The notice must be posted for not less than fifteen
14 days prior to the date of the hearing in each of three public places
15 within the boundaries of the proposed district and in three public
16 places for each applicable legislative authority. Each notice must
17 contain the time, date, and place of the public hearing.

18 NEW SECTION. **Sec. 204.** At the time and place of the public
19 hearing, the legislative authority must consider the petition. The
20 legislative authority may receive any evidence it deems material that
21 supports or opposes the formation of the district, including the
22 inclusion or exclusion of land. Unless an amended petition satisfying
23 the requirements of section 201 of this act is approved in accordance
24 with the requirements of this chapter, no land outside the boundaries
25 described in the petition may be included within the proposed district.
26 No land inside the boundaries of an approved petition may be removed
27 from the district unless an amended petition satisfying the
28 requirements of section 201 of this act is approved in accordance with
29 the requirements of this chapter.

30 NEW SECTION. **Sec. 205.** (1) The legislative authority may act on
31 the petition to form a community facilities district at the public
32 hearing held under section 204 of this act and in no event may the
33 legislative authority's decision be issued later than thirty days after
34 the day of the public hearing. The applicable legislative authority

1 may approve the petition by resolution if the applicable legislative
2 authority determines, in its sole discretion, that the petitioners will
3 benefit from the proposed district and that the formation of the
4 district will be in the best interest of the county, city or town, as
5 applicable, and that formation of the district is consistent with the
6 requirements of Washington's growth management act.

7 (2) A community facilities district may not be formed unless each
8 applicable legislative authority makes the finding required under
9 subsection (1) of this section.

10 (3) All resolutions approving a petition must conform to the terms
11 and conditions contained in the petition, including the maximum amounts
12 of special assessments set forth in the petition, and must designate
13 the name and number of the community facilities district being formed.

14 NEW SECTION. Sec. 206. (1) Any person who objects to formation of
15 the district may appeal the final decision of a legislative authority
16 to approve a petition for formation of a community facilities district
17 by filing an appeal with the superior court of the county in which any
18 part of the district is located within thirty days of the effective
19 date of the resolution approving formation of the district.

20 (2) If no appeal is timely filed, then the legislative authority's
21 decision is deemed valid, complete, and final, and neither the legal
22 existence of the district, nor the terms and conditions of an approved
23 petition can thereafter be challenged or questioned by any person on
24 the grounds of procedural defect or otherwise. Certified copies of
25 each resolution approving a district must be filed with the auditor of
26 the county or counties in which the community facilities district is
27 located.

28 **PART III**

29 **COMMUNITY FACILITIES DISTRICT BOARD OF SUPERVISORS**

30 NEW SECTION. Sec. 301. (1) A community facilities district must
31 be governed by a board of supervisors possessing the powers set forth
32 under section 401 of this act. The board of supervisors must be
33 appointed by each applicable legislative authority within sixty days of
34 the formation of the district. Except as expressly provided under this
35 section, each applicable legislative authority is authorized to appoint

1 members to the board of supervisors only from among the members of its
2 own governing body. Each applicable legislative authority must appoint
3 the petitioner members or nominees required under subsection (2) or (3)
4 of this section. The term of office of each supervisor is three years
5 and until a successor is appointed, except that the supervisors first
6 appointed serve for one and two years respectively from the date of
7 their appointments, as designated in their appointments.

8 (2) Except as provided in subsection (3) of this section, if the
9 proposed district is located entirely within a single jurisdiction,
10 then the board of supervisors consists of: (a) Three members of the
11 legislative authority of the jurisdiction; and (b) two members
12 appointed from among the list of eligible supervisors included in the
13 petition as provided in section 201(1)(h) of this act. All members of
14 the board of supervisors must be natural persons.

15 (3) If all or a portion of the proposed district is located within
16 unincorporated land that is entirely surrounded by an incorporated city
17 or town, then the board of supervisors consists of: (a) Two members
18 appointed from the county legislative authority; (b) two members
19 appointed from the legislative authority of the city or town that is
20 the additional legislative authority under section 102(4) of this act;
21 and (c) one member appointed from the list of eligible petitioners
22 included in the petition as provided in section 201(1)(h) of this act,
23 depending on the number of additional members that are required to
24 result in an overall odd number of supervisors.

25 (4) If the county, city, or town is the exclusive legislative
26 authority pursuant to section 102 of this act, then the board of
27 supervisors consists of: (a) Three members appointed from such county,
28 city, or town; and (b) two members from the list of eligible
29 petitioners or nominees included in the petition, as provided in
30 section 201(1)(h) of this act, to result in an overall odd number of
31 supervisors.

32 (5) The legislative authorities may appoint qualified professionals
33 with expertise in municipal finance in lieu of one or more appointments
34 authorized in this section. A jurisdiction's appointments to the board
35 of supervisors may consist of a combination of qualified professionals
36 authorized under this section and one or more members from the
37 applicable legislative authority. Nothing contained in this section

1 authorizes a legislative authority to exceed the maximum number of
2 appointments set forth under subsection (2) or (3) of this section.

3 (6) A vacancy on the board must be filled by the legislative
4 authority authorized to make the appointment to the applicable
5 supervisor position under this section. Vacancies must be filled by a
6 person in the same position vacating the board, which for initial
7 petitioner members or nominees includes successor owners of property
8 located within the boundaries of an approved district. If the approved
9 district was originally located entirely on unincorporated land and the
10 unincorporated land has been annexed into a city or town, then, as of
11 the effective date of annexation, the city or town is deemed the
12 exclusive legislative authority for the purposes of this chapter and
13 the composition of the board must be structured accordingly, as
14 provided in this section. Supervisors must serve without compensation,
15 but they are entitled to expenses, including traveling expenses,
16 necessarily incurred in discharge of their duties. The board must
17 designate a chair from time to time.

18 **PART IV**

19 **COMMUNITY FACILITIES DISTRICT POWERS**

20 NEW SECTION. **Sec. 401.** (1) A community facilities district
21 created in accordance with this chapter is an independently governed,
22 special purpose district, vested with the corporate authority included
23 under Article VII, section 9 of the state Constitution to make local
24 improvements by special assessment in accordance with this chapter.
25 Nothing in this chapter exempts the public improvements and facilities
26 provided by a district from the regulatory and land use permitting
27 requirements of the county, city, or town in which the improvements are
28 to be located.

29 (2) Subject to the terms and conditions of an approved petition, a
30 community facilities district has the powers necessary to carry out the
31 specific purposes authorized under this chapter in order to carry out
32 the specific objectives, plan, and facilities identified in the
33 approved petition including, but not limited to, the authority to:

34 (a) Acquire, purchase, hold, lease, finance, manage, occupy,
35 construct, and sell real and personal property, facilities, or any
36 interest therein, either inside or outside of the boundaries of the

1 district, except that any such property, facilities, or interests
2 outside the boundaries of the district must directly serve facilities
3 or benefit properties within the district;

4 (b) Finance and construct facilities authorized under this chapter;

5 (c) Enter into and perform any and all contracts;

6 (d) Levy and enforce the collection of special assessments against
7 the property included within a district;

8 (e) Enter into lease-purchase agreements with or without an option
9 to purchase;

10 (f) Enter into executory conditional sales contracts, leases, and
11 installment promissory notes;

12 (g) Borrow money to the extent and in the manner authorized by this
13 chapter;

14 (h) Hold in trust property useful to accomplishment of the
15 authority granted under this chapter;

16 (i) Issue revenue bonds in accordance with chapter 39.46 RCW and
17 assessment bonds in accordance with chapter 35.45 RCW, and the
18 requirements of this chapter, payable from revenue or assessments,
19 respectively, of the district that is legally available to be pledged
20 to secure the bonds;

21 (j) Contract with any municipal corporation, governmental, or
22 private agencies to carry out the purposes authorized by this chapter;

23 (k) Sue and be sued;

24 (l) Accept and receive on behalf of the district any money or
25 property donated, devised, or bequeathed to the district and carry out
26 the terms of the donation, devise, or bequest, if it is within the
27 powers granted by law to community facilities districts or, in the
28 absence of such terms, expend or use the money or property for district
29 purposes as determined by the board of supervisors;

30 (m) Transfer to any county, city, or other municipal corporation,
31 without compensation, any property or other assets of the district; and

32 (n) Do any and all lawful acts required and expedient to carry out
33 the express authority provided in this chapter.

34 **PART V**

35 **COMMUNITY FACILITIES DISTRICT FINANCES**

1 NEW SECTION. **Sec. 501.** (1) Through the use of district revenue
2 derived through special assessments and bonds authorized under this
3 chapter and, consistent with the terms and conditions of a petition
4 approved in accordance with this chapter, a community facilities
5 district may finance all or a portion of the following costs, expenses,
6 and facilities whether located inside or outside the boundaries of an
7 approved district:

8 (a) The cost, or any portion thereof, of the purchase, finance,
9 lease, sublease, construction, expansion, improvement, or
10 rehabilitation of any facility with an estimated life of five years or
11 longer;

12 (b) The planning and design work that is directly related to the
13 purchase, construction, expansion, improvement, or rehabilitation of a
14 facility, including engineering, architectural, planning, and
15 inspection costs;

16 (c) Facilities listed in RCW 35.43.040 to the extent not specified
17 in this section;

18 (d) Sanitary sewage systems, including collection, transport,
19 storage, treatment, dispersal, effluent use, and discharge;

20 (e) Drainage and flood control systems, including collection,
21 transport, diversion, storage, detention, retention, dispersal, use,
22 and discharge;

23 (f) Water systems for domestic, industrial, irrigation, municipal,
24 or community facilities purposes, including production, collection,
25 storage, treatment, transport, delivery, connection, and dispersal;

26 (g) Highways, streets, roadways, and parking facilities, including
27 all areas for vehicular use for travel, ingress, egress, and parking;

28 (h) Areas for pedestrian, equestrian, bicycle, or other nonmotor
29 vehicle use for travel, ingress, egress, and parking;

30 (i) Pedestrian malls, parks, recreational facilities, and open-
31 space facilities for the use of members of the public for
32 entertainment, assembly, and recreation;

33 (j) Landscaping, including earthworks, structures, lakes, and other
34 water features, plants, trees, and related water delivery systems;

35 (k) Public buildings, public safety facilities, and community
36 facilities;

37 (l) Publicly owned natural gas transmission and distribution

1 facilities, facilities for the transmission or distribution of
2 electrical energy, and limited communications facilities, specifically
3 poles, trenches, and conduits, for use of any communications provider;

4 (m) Street lighting;

5 (n) Traffic control systems and devices, including signals,
6 controls, markings, and signage;

7 (o) Systems of surface, underground, or overhead railways,
8 tramways, buses, or any other means of mass transportation facilities,
9 including passenger, terminal, station parking, and related facilities
10 and areas for passenger and vehicular use for travel, ingress, egress,
11 and parking;

12 (p) Library, educational, and cultural facilities; and

13 (q) Facilities similar to those listed in this section.

14 (2) The district may not finance public or private residential
15 dwellings, nonprofit facilities as defined in RCW 43.180.300, health
16 care facilities as defined in RCW 70.37.020, higher education
17 institutions as defined in RCW 28B.07.020, or economic development
18 activities as defined in RCW 43.163.010.

19 NEW SECTION. **Sec. 502.** (1) The board of supervisors of a
20 community facilities district may impose special assessments on
21 property located inside the district and benefited by the facilities
22 and improvements provided, or to be provided, by a district, whether
23 the facilities and improvements are located inside or outside of the
24 boundaries of the proposed district. The requirements and powers of a
25 district relating to the formation, assessment, collection,
26 foreclosure, and other powers of a special assessment district are as
27 set forth in chapters 35.43, 35.44, 35.49, and 35.50 RCW, except where
28 otherwise addressed under this chapter. In any case where the
29 provisions of this chapter conflict with the requirements under any
30 other chapter that applies to the formation, assessment, collection,
31 foreclosure, or other powers of a special assessment district, the
32 provisions of this chapter control.

33 (2) Except as otherwise expressly provided under this chapter, the
34 special assessments imposed and collected on property within a district
35 may not exceed the amount set forth in a petition or amended petition
36 approved in accordance with this chapter.

1 (3) The term of the special assessment is limited to the lesser of
2 (a) twenty-eight years or (b) two years less than the term of any bonds
3 issued by or on behalf of the district to which the assessments or
4 other revenue of the district is specifically dedicated, pledged, or
5 obligated.

6 (4) The computation of special assessments must follow the
7 requirements of chapter 35.44 RCW, including the authority to use any
8 method or combination of methods to compute assessments which may be
9 deemed by the board of supervisors to fairly reflect the benefit to the
10 properties being assessed. The method of assessment may utilize the
11 supplemental authority granted under chapter 35.51 RCW. A petition
12 meeting the requirements of section 201 of this act may provide for the
13 reduction or waiver of special assessments for low-income households as
14 that term is defined in RCW 36.130.010.

15 (5) The board must set a date, time, and place for hearing any
16 objections to the assessment roll, which hearing must occur no later
17 than one hundred twenty days from final approval of formation of the
18 district. Petitioners or representatives thereof serving on the board
19 of supervisors must not participate in the determination of the special
20 assessment roll or vote on the confirmation of that assessment roll.
21 The restriction in this subsection does not apply to members of the
22 board of supervisors appointed from among the qualified professionals
23 that petitioners may nominate under section 201(1)(h) of this act.

24 (6) The procedures and requirements for assessments, hearings on
25 the assessment roll, filing of objections to the assessment roll, and
26 appeals from the decision of the board approving or rejecting the
27 assessment roll, must be as set forth in RCW 35.44.010 through
28 35.44.020, 35.44.080 through 35.44.110, and 35.44.190 through
29 35.44.270.

30 (7) At the hearing on the assessment roll and, in no event later
31 than thirty days after the day of the hearing, the board may adopt a
32 resolution approving the assessment roll or may correct, revise, raise,
33 lower, change, or modify the assessment roll or any part thereof, and
34 provide the petitioner with a detailed explanation of the changes made
35 by the board.

36 (8) If the assessment roll is revised by the board in any way,
37 then, within thirty days of the board's decision, the petitioner(s)
38 must unanimously make one of the following elections: (a) Rescind the

petition; or (b) accept the changes made by the board, upon which occurrence the board must adopt a resolution approving the assessment roll as modified by the board.

(9) Reassessments, assessments on omitted property, and supplemental assessments are governed by the provisions set forth under chapter 35.44 RCW.

(10) Any assessment approved under the provisions of this chapter may be segregated upon a petition of one hundred percent of the owners of the property subject to the assessment to be segregated. The segregation must be made as nearly as possible on the same basis as the original assessment was levied and approved by the board. The board, in approving a petition for segregation and amendment of the assessment roll, must do so in a fashion such that the total of the segregated parts of the assessment equal the assessment before segregation. As to any property originally entered upon the roll the assessment upon which has not been raised, no objections to the approval of the petition for segregation, the resulting assessment, or the amended assessment roll may be considered by the jurisdiction in which the district is located, the board, or by any court on appeal. Assessments must be collected in districts pursuant to the district's previous assessment roll until the amendment to the assessment roll is finalized under this section.

(11) Except as provided under chapter 35.44 RCW, assessments may not be increased without the approval of one hundred percent of the property owners subject to the proposed increase.

(12) Special assessments must be collected by the district treasurer determined in accordance with section 505 of this act.

(13) A notice of any special assessment imposed under this chapter must be provided to the owner of the assessed property, not less than once per year, with the following appearing at the top of the page in at least fourteen point, bold font:

*****NOTICE*****

THIS PROPERTY IS SUBJECT TO THE ASSESSMENTS ITEMIZED BELOW AND APPROVED BY COMMUNITY FACILITIES DISTRICT # AS THE OWNER OR POTENTIAL BUYER OF THIS PROPERTY, YOU ARE, OR WOULD BE, RESPONSIBLE FOR PAYMENT OF THE AMOUNTS ITEMIZED BELOW.
PLEASE REFER TO RCW 36.---.--- (section 502, chapter . . ., Laws of 2010

(section 502 of this act)) OR CONTACT YOUR COUNTY AUDITOR FOR
ADDITIONAL INFORMATION.

(14) The district treasurer responsible for collecting special assessments may account for the costs of handling the assessments and may collect a fee not to exceed the measurable costs incurred by the treasurer.

NEW SECTION. **Sec. 503.** (1) The district may utilize the special assessments and revenue derived in accordance with this chapter for the payment of principal and interest on bonds issued pursuant to the authority granted under this chapter to fund or reimburse the costs of facilities authorized under this chapter and prior to the issuance of bonds, may utilize the revenue to directly fund the costs of providing the facilities authorized under this chapter on a pay-as-you-go basis.

(2) The board of supervisors may establish, administer, and pay or otherwise dedicate, pledge, or obligate the assessments and revenue generated in accordance with this chapter into a specific fund created by or on behalf of the district, in order to guarantee payment of obligations incurred in connection with facilities provided under this chapter, including the payment of principal and interest on any bonds issued by or on behalf of the district.

(3) The proceeds of any bond issued pursuant to this chapter may be used to pay any and all costs related to providing the facilities authorized under this chapter, including expenses incurred in connection with issuance of the bonds.

(4) The reporting requirements of RCW 39.44.210 apply to any bond issuance under this chapter.

NEW SECTION. **Sec. 504.** No bonds issued by or on behalf of a community facilities district are obligations of any city, town, county, or the state of Washington or any political subdivision thereof other than the district and the bonds must so state.

NEW SECTION. **Sec. 505.** (1) If a district includes land that is entirely within a county and the land is not surrounded entirely by a city or town, then the treasurer of that county is the treasurer of the district. If a district includes land that is entirely within a county and the land is entirely surrounded by a city or town, or, if parts of

1 the district include land within or surrounded by more than one
2 jurisdiction, then the board of supervisors may, with the concurrence
3 of the treasurers of all jurisdictions within which the district lies,
4 appoint the treasurer of any of those jurisdictions to serve as the
5 district treasurer. Except as specifically provided under this
6 chapter, the duties of a district treasurer are as provided under
7 applicable law.

8 (2) The district treasurer must establish a community facilities
9 district fund, into which must be paid all district revenues. The
10 district treasurer must also maintain any special funds created by the
11 board of supervisors of the community facilities district, into which
12 the district treasurer must place all money as the board of supervisors
13 may, by resolution, direct. The treasurer may create such subfunds,
14 accounts, and subaccounts as he or she deems necessary, consistent with
15 applicable law.

16 (3) The district treasurer must pay assessment bonds and revenue
17 bonds and the accrued interest thereon in accordance with their terms
18 from the appropriate fund when interest or principal payments become
19 due.

20 (4) All interest collected on community facilities district funds
21 belongs to the district and must be deposited to its credit in the
22 proper district funds.

23 PART VI

24 MISCELLANEOUS PROVISIONS

25 NEW SECTION. **Sec. 601.** All assessments imposed on the respective
26 lots, tracts, parcels of land, and other property included within the
27 boundaries of an approved district in accordance with this chapter, are
28 a lien upon the property from the date of final approval and are
29 paramount and superior to any other lien or encumbrance whatsoever,
30 theretofore or thereafter created, except a lien for general taxes.

31 NEW SECTION. **Sec. 602.** Sections 101 through 601 of this act
32 constitute a new chapter in Title 36 RCW.

33 NEW SECTION. **Sec. 603.** If any provision of this act or its

1 application to any person or circumstance is held invalid, the
2 remainder of the act or the application of the provision to other
3 persons or circumstances is not affected."

4 Correct the title.

EFFECT: Clarifies the definition of "legislative authority" to mean that for a CFD (1) located entirely in unincorporated land, the county is the exclusive legislative authority; (2) located entirely within incorporated land, the city or town is the exclusive legislative authority; (3) located entirely or partly within unincorporated land entirely surrounded by an incorporated city or town, the legislative authority includes the governing bodies of the county and surrounding city or town.

Revises the CFD formation process by: (1) Authorizing a CFD to include one or more noncontiguous tracts, lots, parcels, or other properties; (2) requiring that the CFD formation petition be presented to the applicable legislative authorities and that it describe the specific facilities that the CFD anticipates financing; (3) broadening the eligibility list for the potential board of supervisors to include designated representatives of petitioners and qualified professionals nominated by petitioners; (4) requiring any proposed special assessment to include a preliminary assessment roll and methods for computing the roll and determining benefits; (5) explaining what security will be provided to ensure payment of assessments and payments of CFD bonds; (6) requiring that each applicable legislative authority hold a public hearing on the formation petition; (7) authorizing each applicable legislative authority to approve the petition by resolution if it makes certain affirmative determinations in its sole discretion; and (8) extending timeframes for various public processes and appeals.

Revises CFD governance provisions by: (1) Specifying the respective composition of the board of supervisors for CFDs within single or multiple jurisdictions; (2) authorizing appointment by the legislative authority of qualified professionals with expertise in municipal finance; and (3) requiring a board restructuring when the CFD's legislative authority changes by virtue of formerly unincorporated lands becoming annexed to a city or town.

Revises CFD powers by specifying that: (1) The public improvements and facilities provided by a CFD are not exempted from the regulatory and land use permitting requirements of the local government in which they are located; (2) any CFD property, facilities, or interests outside the district boundaries must directly serve facilities or benefit properties within the CFD; (3) the CFD is authorized to issue assessment bonds, and to transfer to any county, city, or other municipal corporation, without compensation, any property or other CFD assets.

Revises CFD finances by: (1) Restricting a CFD from financing public or private residential dwellings; certain nonprofit facilities, health care facilities, higher education institutions, or economic development activities; (2) relating the CFD's formation, assessments,

collection, and foreclosure requirements and powers to those of local improvement district statutes, except as otherwise addressed in the act; (3) limiting the term of the special assessment to the lesser of 28 years or two years less than the term of bonds issued by or on behalf of the CFD; (4) authorizing segregation of any assessment approved under this act if 100 percent of the affected property owners so petition; (5) removing CFD authority to impose benefit charges; and (6) providing for identification, responsibilities, and authorities of the CFD's treasurer.

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